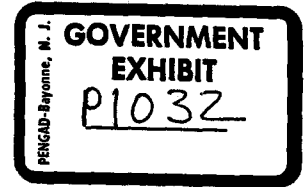


Hanover Compression Company



Approver: LJE

HQAPP Requests:

1. Request an amendment to the Hosting order placed August 29, 2002 that changes the annual hosting fees due in Yr 2 and beyond to be at the 80% standard ebus discount rather than 85% mistakenly quoted in the current agreement signed in Q102. The new go forward amount for year 2 and beyond will be ~\$1,026,000 rather than ~\$756,000. Therefore the resulting JE will be for Year 1 only for the 5% incremental over eBusiness discount.

Justification:

\$11MM of business was signed with Hanover the end of August. Revrec found a mistake in the hosting deal after it closed and the amendment requested above remedies the problem, with the exception that the license team will still get JE'd for \$250K to make up for year one of the hosting term.

The solution above has already been reviewed and approved by revrec and Priscilla Morgan on the hosting team.

Previous Requests:

1. HQAPP: Add language to Order Form that allows customer to test cold backup provider's (initially Oracle.com) process twice per year for a period of 72 hours consecutively without any additional fees owed to Oracle. [*Customer wants to ensure that they can test their backup plan and still be in compliance. They understand that if they buy hot backup, additional license fees for the database are required*]
2. GRAPPS: Customer requests the initial hosting term to be for a period of 2 years (rather than 1 year). [They are concerned that Oracle may decide to back out of the hosting business and they don't want to be left without a plan for supporting their business]
3. HQAPP: Customer requests the inclusion of our calculation for their base storage amount be included in parenthesis since the formula isn't provided anywhere in our policies or the contract. Request that in "Computer and Administration Services", we add after the URL the following: The storage calculation initially applied for customer is based on the formula: $((\text{net monthly hosting fees paid} / \$6,000) + 1) * 26\text{GB of storage}$ $= (\$64,131 / \$6,000) + 1 * 26 \text{ GB} = 312 \text{ GB}$. [This is merely a statement of our actual calculation] Actual wording to come from Hosting person per P Morgan.

Previously approved OLSA changes:

(1) Add the following after the last sentence of the End of Agreement section:

"Oracle agrees that termination by you or by Oracle of (i) all technical support services for all licenses or (ii) all technical support services for all of the licenses within a license set will not terminate your rights of ownership of the associated perpetual licenses so long as you are not in breach of any other provisions of the agreement or the ordering document." (approved by legal Elissa Huff and RevRec) [This request to address legal concern that support breach would cause license ownership termination. Note that we've explained the issue of license sets and customer agrees]

(2) Add the following after the first sentence of the second paragraph of the Indemnification section: "If the infringing program is technically required to run any other Oracle programs which you have licensed, or impairs the functionality or performance of any other Oracle programs which you have licensed, then Oracle shall refund the license fees paid for those other programs as well, provided that you agree to both cease using both the infringing program and such other programs." (approved by legal Elissa Huff and RevRec, although it is a business practices decision by Hqapp)

(3) Delete the second sentence of the first paragraph of the Nondisclosure section and replace it with: "Confidential

information shall be limited to: (a) the terms and pricing under this agreement; (b) all information clearly identified as confidential; or (c) information to which we have access while performing technical support services for you that is of such a nature, or disclosed in such a manner, that a reasonable person under the circumstances would consider the information to be your confidential and proprietary information, provided however, that you will take reasonable steps to avoid disclosing your confidential information to us except to the extent that we need it in order to provide technical support services to you under this agreement." (approved by legal Elissa Huff and RevRec)

(4) Delete the first paragraph of the General section and replace it with the following: "This agreement is governed by the substantive and procedural laws of California."

Ordering Document:

(1) Customer Definition. For purposes of this ordering document, you shall be defined as (i) the company listed at the head of this ordering document, (ii) your majority owned subsidiaries, and (iii) your affiliated subsidiaries which are specified on the attached entity exhibit as of the effective date of this ordering document ("customer entities"). Additional customer entities may be added to the entity exhibit upon Oracle's prior written consent. Customer entities shall agree to use the programs under the terms of this ordering document and the agreement, and you warrant that you shall be responsible for any breach of such terms by the customer entities. You further warrant that you have the authority to bind your majority owned subsidiaries to the terms of this ordering document and the agreement, and you warrant that you shall be responsible for a breach of such terms by your majority owned subsidiaries.

(2) change Customer Reference so it reads: "Customer Reference Upon your prior written consent, Oracle may refer to you as a customer in sales presentations, marketing vehicles and activities."

Oracle.com Order Document

(1) Under Computer & Administration Services include "functionally equivalent" language ---Approved by Priscilla Morgan and Peter Lefkowitz

(2) Under Computer & Administration Services – add to the last sentence "of the program licenses under separate agreement" (approved by legal – Peter Lefkowitz and Priscilla Morgan)

(3) Under Programs & Delivery – last sentence, insert "designated" between your and location (approved by legal – Peter Lefkowitz and Priscilla Morgan)

(4) Under Computer & Administration Services Term – second to the last sentence, add "At anytime" to the beginning of the sentence . Approved by Priscilla and Peter Lefkowitz since 90 day standard notice still stands.

(5) Under Computer & Admin Services Fee – first sentence, strike " which include, if specified, an annual incremental fee to insure that the total annual computer and administration services fees meet Oracle's minimal annual fee for computer and administration services" . Approved by Priscilla and Peter since we are over the mins.

(6) Approve payment terms net 40 (seeking consistency with terms of OCS and license payment approvals) . Approved by Priscilla provided George and HQAPP approve.

(7) Under Computer & Administration Services Fee – change last sentence to read "All fees paid for such computer and administration services are nonrefundable." Approved by Peter and Priscilla.

(8) Under Force Majeure add sentence "The occurrence of a force majeure event does not excuse Oracle obligation to take reasonable steps to follow its normal disaster recovery procedures." (approved by legal Peter Lefkowitz—this will be our new standard language)

(9) Under Compute & Administration Services Term (B3), we request that the initial year's fee be capped for the initial year and the 2nd year, followed by "not to exceed 5% increase" in the 3rd year. [The customer is wanting a price hold

for the 2nd year as part of the \$5+MM commitment they are making]. Priscilla Morgan has approved provided George and HQAPP approve.

Previously Approved Requests:

1. 66% discount worst case (62% + 4% OFD)- iAS discounted at store	HQAPP
2. 3 year price hold on EBS (62% discount)- iAS to be held at store	HQAPP
3. 5 year flat support, 5% cap in year 6	HQAPP

Deal Summary	
Product Mix:	EBS = 91%, Tech = 9%-- EE, IAS, Discoverer, EBS, EBS Add-ons --Electronics Orders, ASCP - Options: Constraint Inventory, Demand Planning, Supply Chain, Sourcing, Manufac and Scheduling, PR, Time & Labor, Tutor for Apps
License Discount	66% (62% + 4% OFD)
Support Discount	66% (62% + 4% OFD)
Comp & Admin Discount	85% in year 1, 80% standard in yrs 2 and beyond
Phased Implementation for Comp & Admin?	See checklist below - yes
Support Options/Holds	5 year flat, 5% cap in yr 6
Price Holds	3 years for products currently being licensed at 62% discount
List License	\$9,291,850
List Support	\$2,044,207
List Comp & Admin	\$5,137,110
Net License	\$3,159,229
Net Support	\$695,030
Net Comp & Admin	\$770,567 in year 1, \$1,026,000 in yr 2 and beyond
Net Price	\$4,624,826
Price List Used	June 1, 2002

Customer history	
Existing contractual discount (price hold)	% NA
Date of Price List for price hold	
When does price hold expire?	
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	

Previous Justification:

- 1&2) Highly competitive deal with PeopleSoft. PS attempting to BUY business as they need pure manufacturing customer in the Houston Energy market. CFO and VP/Finance have previous relationship with PeopleSoft President, Craig Conway. (our pricing above is over 60% higher than Ppsft.)
- 3) Needed to address lower cost over a 5 year period – partially addressing PeopleSoft's offer

Additional Background:

Hanover Compressor Company is a public held \$1B manufacturer of natural gas compression units that provide gas handling and related services in the US and select international markets. Hanover has acquired 40+ related companies

in the past 5 years. The current infrastructure consists of multiple legacy systems (i.e. Baan, Macola, Peathtree and others) and they have outsourced HR and Payroll to ADP. They currently have 4000 US and 1500 International employees.

We are in a competitive ERP battle with PeopleSoft. PeopleSoft is being extremely aggressive in their pricing structures and have just reduced their proposal by 50%. Craig Conway, PS's President has been heavily involved in the campaign. Hanover's CFO and VP Finance have had previous PS experiences at Bank of America and Duke Energy Field Services. They claim to have a strong relationship with Mr. Conway as well.

We must be aggressive with our discounts to win this opportunity. PeopleSoft is striving to grow their SCM marketshare and they are desperate for manufacturing customer in the oilfield industry. Their recent partnership with Agile has enabled them to provide a comprehensive SCM solution for Hanover. Hanover claims that they could be successful with either Oracle or PS, and that price will be a deciding factor.

OCS is also engaged in this opportunity and they too are being assertive in their pricing.

Recommendation: *(leave blank for HQAPP to fill out)*

Submitted By: Steve Cattlett 713-308-5186, Roger Turnham, Johnson, Gillespie, Roberts

R: *(leave blank for HQAPP to fill out)*

C:

L:

A:

BP:

(Delete the section below if not applicable)

If Computer and Administration Services or Administration Services are being ordered please provide information below):

Does this deal include Phased Implementation?

1. License minimums met at each implementation phase? yes
2. Computer and Administration or Administration Services hosting minimums met at each implementation phase? (\$6,000 monthly for C&A and \$4,000 monthly for Admin) yes
3. Standard Ordering Document Terms? yes
4. Standard pricing? yes
5. Customer is using the Certified Configuration (applies to Admin only)? yes